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INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE PRIORITY

RUCNCIS/CIS COLLECTIVE PRIORITY

RUCNMEM/EU MEMBER STATES COLLECTIVE PRIORITY

RUEHAK/AMEMBASSY ANKARA PRIORITY 4862

RUEHBJ/AMEMBASSY BEIJING PRIORITY 2632

RUEHKO/AMEMBASSY TOKYO PRIORITY 2497

RUEHIT/AMCONSUL ISTANBUL PRIORITY 3106

RHMFIS/CDR USCENTCOM MACDILL AFB FL PRIORITY

RUCPDOC/DEPT OF COMMERCE WASHDC PRIORITY

RHEBAAA/DEPT OF ENERGY WASHDC PRIORITY

RUEATRS/DEPT OF TREASURY WASHDC PRIORITY

RUEHBS/USEU BRUSSELS PRIORITY

RHEHNSC/NSC WASHDC PRIORITY

RHEFDIA/DIA WASHDC PRIORITY

RUEAIIA/CIA WASHDC PRIORITY

RUEKJCS/JOINT STAFF WASHDC PRIORITY

RUEKJCS/SECDEF WASHDC PRIORITY

RHMCSUU/FBI WASHINGTON DC

RUEAWJA/DEPT OF JUSTICE WASHINGTON DC

C O N F I D E N T I A L SECTION 01 OF 03 ASHGABAT 000266

///// C O R R E C T E D C O P Y /////

///// ADDING ADDRESSEES /////

SENSITIVE

SIPDIS

SCA/CEN; EEB  
PLEASE PASS TO USTDA DAN STEIN  
ENERGY FOR EKIMOFF/THOMPSON  
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E.O. 12958: DECL: 02/26/2019

TAGS: [PGOV](#) [EINV](#) [KCOR](#) [TX](#)

SUBJECT: TURKMENISTAN: HOW SOME FOREIGN COMPANIES GAIN  
ACCESS TO TOP OFFICIALS

REF: A. ASHGABAT 00154

[1](#)B. 07 ISTANBUL 00103

[1](#)C. ASHGABAT 00235

[1](#)D. ASHGABAT 00262

[1](#)E. 08 ASHGABAT 01399

[1](#)F. 08 ASHGABAT 01498

[1](#)G. ASHGABAT 00203

[1](#)H. ASHGABAT 00255

[1](#)I. ASHGABAT 00117

[1](#)J. 08 ASHGABAT 00483

[1](#)K. ASHGABAT 00197

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Classified By: Charge Richard Miles for reasons 1.4 (b) and (d).

[11.](#) (C) SUMMARY: Perhaps the single greatest challenge in seeking to do business in Turkmenistan is the lack of access to the people empowered to make decisions about commercial contracts here, particularly those involving infrastructural and energy sector development. Most companies have come to the conclusion that only the President of Turkmenistan can decide what contracts will be signed, and with whom. Even if this perception is accurate, however, foreign companies still grapple with trying to understand how to navigate through the mysteries of the Turkmen system in order to get their foot in the door and access the country's market for the first time. A meeting with the President does not guarantee that a deal will be signed, but it helps. Having someone willing to advocate on your company's behalf at the Deputy Chairman level or within the Presidential Apparatus to try to get a presidential meeting or support for your proposal appears to

be extremely valuable. Having the active support of one's home government in presenting your enterprise to senior Turkmen officials appears to be important as well. Corruption, however, also frequently plays a significant role in gaining access to decision makers. END SUMMARY.

¶2. (C) According to diplomats and a variety of business representatives who have lived and worked in Turkmenistan for long periods, there are two ways that foreign companies seeking to initiate business activity in the country get a foot in the door: Through personal relationships with individuals who have access to the President or to someone close to the top, or through official, bilateral government interaction on the company's behalf. Business representatives and local embassy staff report that networking through one's personal contacts to reach out to the President's family members, members of the Presidential Apparatus, Deputy Cabinet Chairmen or other friends or advisors close to the President is a highly effective way of getting presidential attention for a company or a proposal. Some companies here report that their key to success is having an employee who is related to someone in a key government position, allowing them to directly call senior contacts within the government who can help advance their proposal (Ref A).

#### VALUED PERSONAL CONNECTIONS

¶3. (C) Turkish business magnate, Ahmet Calik, has long been an example of a government insider who has advocated for Turkish companies, including his own (Ref B). Calik was first introduced to Niyazov as part of former Turkish President Turgut Ozal's official delegation to Turkmenistan in the early 1990s. In Niyazov's final years he was considered by many to be the second most powerful man in Turkmenistan because of his influence over the President. One of his commercial interests, Gap Inshaat, has been among the several Turkish construction companies that have dominated

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the sector here for years.

¶4. (C) Calik preserved his influential status when Berdimuhamedov became President in 2007. He had known the President since 1997 when he accompanied him, then the Health Minister, to Istanbul. In later years, Calik lived in the same Gap Inshaat apartment building as Berdimuhamedov, and became even closer to him (Ref B). His bona fides were secured in 2007 when he attended Berdimuhamedov's inauguration as part of Turkish Prime Minister Erdogan's delegation, according to a foreign company representative here. His company is also currently building a large multi-million dollar mosque in Konye-Urgench on behalf of the Turkish Government, according to local press.

#### HOME GOVERNMENT SUPPORT ONE PATH TO ACCESS

¶5. (C) Calik's case is also representative of how high-level government interaction can give companies entree to the highest levels of government here. Many successful companies trace their "big break" in Turkmenistan to their own governments helping them to successfully launch into this market. Some longtime expat residents argue that a major key to high-level access is having strong support from one's home government (Ref C). Calik was, in part, able to renew his high-level connectivity here in part through the continued efforts of the Turkish Government. The Belgian company, ENEX, was able to successfully advance an ambitious commercial proposal by convincing the King of Belgium to host a dinner for Berdimuhamedov during his official visit to Brussels in November 2007. The company filled the chairs with its senior leadership and discussed its proposal directly with the President (Ref C). Foreign business representatives say that companies have a more difficult time competing here without the active support of a home government and regular, high-level bilateral interaction.

They believe that this, in part, is the reason that Russian, Chinese, Turkish, and increasingly, South Korean companies are expanding their presence in Turkmenistan. Further, commercial players here have observed that there are few presidential meetings about business issues that have not been propelled by bilateral government interaction (Ref C).

#### Bribes and Access

¶6. (C) Some company representatives report that it is possible to pay a large bribe to get a meeting with the President, or a smaller bribe to encourage a Deputy Cabinet Chairman or Minister to advocate on behalf of a company or its proposal. Weatherford energy company Country Manager, Trevor Fish, reported hearing of foreign commercial enterprises paying \$100,000-\$150,000 to obtain a business meeting with the President. Another foreign business representative reported hearing that the price of a presidential meeting may now average \$300,000 or more, and that obtaining the support of other senior government officials who could advocate on behalf of a company costs "\$15,000 and up." The same representative added that local legal and commercial entities, such as the Bereket legal group, regularly play the role of intermediary in delivering cases of cash to representatives of the recipients, including to members of the Presidential Apparatus. He also reported that ensuring that the President personally considers a major project proposal to require a cash bribe of as much as \$1.5 million (Ref D).

¶7. (C) Bribes paid to senior officials can also take the form of elaborate gifts, either ostensibly benefiting the

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state, or benefiting an individual whose assistance is needed. The most visible example of such a gift was a mega-yacht which the Russian energy company Itera gave to President Berdimuhamedov in late 2008 (Ref E). Russian press indicated that the company has been seeking a PSA to develop three blocks in the Caspian and other lucrative projects in Turkmenistan. According to Russian press this week, it won a \$176 million contract to build a gas pipeline that will connect a field in central Dashoguz province that the company wants to develop with the Central Asia Center pipeline going to Russia. A Russian Government delegation's presentation of a gold diamond-studded watch to Berdimuhamedov in 2008 may also have been an effort to facilitate Itera's entre, according to EU TACIS Director Michael Wilson. Some companies provide all expense paid travel to officials whose support they need, such as Polimeks' sponsorship of Berdimuhamedov's trip to Beijing in summer 2008 (Ref F), or a South Korean company's provision of a trip for Turkmen Motor Transport Minister Hangulyev to South Korea in 2008 (Ref G).

¶8. (C) The U.S.-based Worldwide Construction initially sought access to the Turkmen market back in 2007. The company gained access to the Turkmen president during meetings in New York in 2007, and reportedly gave him a Cadillac Escalade some time in 2008 (Ref H). The company was able to open offices and become registered in 2008, and is now operating in Turkmenistan -- a pace of progress almost unheard of here.

#### Benefits Buried in Contracts

¶9. (C) Bribes in the form of gifts are frequently written into contracts, according to numerous foreign commercial contacts, and can be a signing bonus for an individual signatory, or the value of an element of a large contract proposal, such as Polimeks' gift of the architectural plan for an Olympic village (Ref I). Others include Polimeks' gift of one of the world's tallest flagpoles (Ref J) or its free renovation of the building for the Supreme Council for Science and Technology (Ref K). The French construction company Bouygues reportedly sponsored two race cars decorated with the Turkmen flag and state symbols, as well as

advertising for the Avaza tourist zone. European drivers were hired to drive one of them in the spring 2008 Monte Carlo auto rally, according to local press. Alternatively, some companies are offering more low key development-oriented contributions, such as the construction of a small factory or other low cost infrastructure project in one of the provinces, according to several commercial representatives.

¶10. (C) COMMENT: There are plenty of cases where the Government has sought out the services of a particular foreign company with unique capabilities that it knows will do the job right, making access a non-issue. However, there are so many foreign companies currently competing for work in construction and oil and gas development that it certainly must play a role in intensifying the level of corruption, just to get the attention of senior officials. If a company's competitor is willing to pay it would be difficult to overcome that "advantage." Home government representation for companies seeking to do business here appears to be the least costly or risky option for a commercial enterprise seeking the attention of the Turkmen Government, and various foreign governments seem to provide this service to differing degrees. END COMMENT.

MILES